

LOCAL FINANCE NOTICE

JAMES E. MCGREEVEY
GOVERNOR

SUSAN BASS LEVIN
COMMISSIONER

CY 2004 Extraordinary Municipal Aid Program

The Extraordinary Municipal Aid Program, N.J.S.A. 52:27D-118.35 et seq., provides additional state aid to address a municipality's extraordinary need because of severe fiscal crisis outside of the municipality's control. Extraordinary Aid should not be relied upon to determine your spending, as it is intended for extraordinary, non-repeating circumstances. The amount of funding of the program is determined by the appropriation in the State's FY 2005 budget.

To receive aid, applicants must demonstrate that significant measures are in place to reduce spending and improve governmental efficiencies. These measures include, but are not limited to, enhanced tax and revenue collection efforts, management efficiencies, shared services, streamlined workforce and any other activities that provide property tax relief. Applicants must provide detailed information on actions that will eliminate dependency on Extraordinary Municipal Aid in the following year.

Municipalities that have received Extraordinary Aid for several consecutive years will be subject to a thorough review and examination of prior and current years financial documents and practices. For all applicants, staff will review the Extraordinary Municipal Aid application for CY 2004, the current budget revenues (including total state aid and level of surplus available and utilized in budget), appropriations (including the reserve for uncollected taxes appropriation), annual financial statement, audit report, tax rate history, availability of other sources of federal and state aid, and all other pertinent financial data filed with the Division of Local Government Services.

Receipt of Extraordinary Aid for CY 2004 is not guaranteed by virtue of receipt of Extraordinary Municipal Aid in a prior year. Accordingly, you may not anticipate Extraordinary Municipal Aid in your CY 2004 budget. If your budget is introduced anticipating any Extraordinary Aid, we will require you to amend your budget removing that revenue. We will return your application for Extraordinary Aid if you anticipate aid in your CY 2004 budget as introduced.

The application must be completed in its entirety and submitted to the Division by March 12, 2004. Please use the form provided and send **only one original** under separate cover to the Director. Do not send it with the budget document. Please also note the following:

- On Page 1 of the application, the amount of aid requested for CY 2004 must be stated in dollars.
- On Page 2, provide justification for the need for Extraordinary Municipal Aid and provide specific examples of circumstances creating the fiscal distress and uncontrollable local purpose tax increase.

- On Page 3 Section V-B provide a detailed description of its Fiscal Recovery Plan to reduce or eliminate its dependency on Extraordinary Municipal Aid in future years.
- If you received Extraordinary Municipal Aid in prior years, provide on Page 3 Section V-C, the steps taken to implement the Fiscal Recovery Plan according to the plan you provided in that year.

All statistical information requested in the application **must be completed** and is subject to verification by the Division. In addition, a municipality's CY 2003 Annual Financial Statement, CY 2002 audit, and CY 2004 budget must be on file with the Division. **There will be no exceptions.** Late or incomplete applications will not be reviewed. **In the absence of any of the documents, the application will be deemed incomplete.**

As in previous years, once awarded, the full amount of Extraordinary Municipal Aid granted to a municipality must be anticipated (by amendment, as appropriate) on Budget Sheet 5 and used **exclusively** to reduce the amount to be raised by taxation for local purposes. **This means that after Extraordinary Aid grants have been announced, no successful applicant shall be permitted to make material increases or decreases to budgeted revenues or appropriations.** Therefore, any applicant that plans to make changes to the introduced budget after their aid application has been submitted should submit those changes to the Division so that it can be part of the application review process.

To assist in completing the form, a Microsoft Word file of the application can be downloaded from the Division's web site at: www.nj.gov/dca/lgs and clicking on the "Municipal State Aid" link.

If you have any questions, please contact the Division at (609) 292-6613 or by e-mail dlgs@dca.state.nj.us.

Kimberly Ricketts

Kimberly Ricketts, Assistant Commissioner

Enclosure

Distribution: Municipal Clerks via GovConnect to distribute to Mayor and Governing Body
Chief Financial Officers via GovConnect